

Jeffrey W. Dulberg (CA State Bar No. 181200)
John W. Lucas (CA State Bar No. 271038)
Jeffrey P. Nolan (CA State Bar No. 158923)
Pachulski Stang Ziehl & Jones LLP
10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067
Telephone: 310/277-6910
Facsimile: 310/201-0760
E-mail: jdulberg@pszjlaw.com
jlucas@pszjlaw.com
jnolan@pszjlaw.com

Counsel to Bradley D. Sharp, Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re:

LESLIE KLEIN,

Debtor.

Case No. Case No.: 2:23-bk-10990-SK

Chapter 11

**STIPULATION BETWEEN BRADLEY D.
SHARP, CH 11 TRUSTEE AND JOSEPH AND
ERICA VAGO REGARDING WITHDRAWAL
OF ABSTRACT OF JUDGMENTS AGAINST
REAL PROPERTIES OF THE DEBTOR'S
ESTATE**

**TO THE HONORABLE SANDRA R. KLEIN, UNITED STATES BANKRUPTCY JUDGE,
THE DEBTOR, THE OFFICE OF THE UNITED STATES TRUSTEE, AND ALL PARTIES
REQUESTING SPECIAL NOTICE:**

STIPULATION

Bradley D. Sharp, the duly appointed chapter 11 trustee, (the "Trustee") of the estate of Leslie Klein (the "Debtor"), and Joseph and Erica Vago (the "Vagos") and together with the Trustee, the "Parties"), by and through their respective undersigned counsel of record, file the attached stipulation (the "Stipulation") requiring the Vagos to record in applicable counties a withdrawal Abstract of Judgments and Liens (the "Abstracts") filed by the Vagos in each of the counties in the State of California in the 90 days prior to the filing of the Debtor's petition in bankruptcy.

RECITALS

A. On February 22, 2023 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Central District of California, Los Angeles Division (the “Bankruptcy Court”).

B. On May 17, 2023, at a hearing held on the Motion to Dismiss, the Court entered an order appointing Trustee to administer the case in lieu of the Debtor.

C. On May 23, 2023, the Office of the United States Trustee (“UST”) filed a *Notice of Appointment of Chapter 11 Trustee* [Docket No. 151].

D. On May 5, 2023, the Debtor filed an adversary complaint for *Avoidance Of Preference, Recovery Of Avoided Transfer, And Automatic Preservation Of Avoided Transfer* (the “Avoidance Action”). Adv. Case No. 23-ap-01147-SK. [Adv. Docket No. 1].

E. The Avoidance Action seeks to avoid the abstracts filed by the Vagos and recorded in the County of Los Angeles Recorder’s Office including (i) Abstract of Judgment recorded on or about December 16, 2022 as Recording No.: 20221178779, and (ii) Amended Abstract of Judgment recorded on January 12, 2023 as Recording No.; 20230026369.

F. On May 12, 2023, the Debtor filed a First Amended Complaint [Adv. Docket No. 5] (the “First Amended Complaint”) seeking to avoid additional recorded Abstracts in other counties including (i) an Abstract of Judgment filed on December 16, 2022, in the Orange County Recorder’s Office as Recording No.; 2022000409986, (ii) Notice of Judgment Lien recorded on January 12, 2023 in the Orange County Recorder’s Office as Recording No.; 2023000009373, (iii) Abstract of Judgment recorded on December 16, 2022, in the Riverside County Recorder’s Office as Recording No.; 20220504784, (iv) Abstract of Judgment recorded on January 12, 2023 in the San Bernardino County Recorder’s Office as Recording No.; 2023-0009468, (v) Abstract of Judgment recorded on January 12, 2022, in the San Diego County Recorder’s Office as Recording No.; 2023-0009943, (vi) Abstract of Judgment recorded on December 16, 2022, in the Ventura County Recorder’s

Office as Recording No.; 202200016414, (vii) Amended Abstract of Judgment recorded on January 12, 2023 in the Ventura County Recorder's Office as Recording No.; 2023000002104, and (viii) Notice of Judgment Lien recorded on January 12, 2023 with the State of California, Office of the Secretary of State in Sacramento. Recording No. U230002837926. (Together, the recordings sought to be avoided in the Avoidance Action and by the First Amended Avoidance Complaint (collectively, the "Abstract of Judgments"). Copies of the recorded Abstract of Judgments are annexed hereto as **Exhibit A**.

G. On May 24, 2023, the UST Filed an *Application for Order Approving Appointment of Trustee and Fixing Bond* [Docket No. 154], approved by order entered the same day [Docket No. 155]. On that same day, the Trustee accepted his appointment [Docket No. 156].

H. On July 17, 2023, the Vagos filed their Answer to First Amended Complaint. [Adv. Docket No. 18].

I. The Trustee, as the duly appointed representative of the Debtor's estate, seeks to sell various real properties referenced below at various times pursuant to his business judgment and by noticed motion for the benefit of the estate and all creditors. The real properties (the "Real Properties") are:

- i. 3752 Ocean Dr., Oxnard, CA 93035 (APN: 206-0-252-290)
- ii. 161 N. Poinsettia, Los Angeles, CA 90036 (APN: 5512-017-005)
- iii. 143 S. Highland Ave., Los Angeles, CA 90036 (APN: 5513-014-024)
- iv. 315 N. Martel Ave., Los Angeles, CA 90036 (APN: 5526-038-011)
- v. 322 N. June St., Los Angeles, CA 90004 (APN: 5523-003-008)
- vi. 2560 N. Whitewater Club Drive, Unit B, Palm Springs, CA 92262 (APN: 501-500-033)

J. The Parties have met and conferred in good faith in an effort to resolve the issues raised in the Avoidance Action and the First Amended Complaint. The Real Properties are not marketable, or, are diminished in value, given the existence of the recorded Abstract of Judgments. The Avoidance Action and by the First Amended Complaint seek to avoid the Abstract of Judgments

1 recorded against the Real Properties in the 90 days before the filing of the petition as avoidable
2 preferences pursuant to section 547 of the Bankruptcy Code because the Recordation of Abstract of
3 Judgments:

- 4 i. Were for the benefit of a creditor, the Vagos;
- 5 ii. Were on account of an antecedent debt owed by the Debtor before such
6 recordation;
- 7 iii. Were made while the Debtor was insolvent;
- 8 iv. Were made during the 90 days before the petition date; and
- 9 v. Will enable the Vagos to receive more than they otherwise would in a
10 liquidation of the Debtor's estate had the recordation not been made.
11

12 K. By this Stipulation, the Vagos agree to withdraw the Abstract of Judgments by
13 recording such withdrawal in each of the counties where such Abstract of Judgments were recorded
14 because they are preferences that may be avoided under section 547 of the Bankruptcy Code, which
15 when complete will permit the Trustee to sell the Real Properties without having to incur the time
16 and expense of prosecuting the Avoidance Action and the First Amended Complaint, or commence
17 the a similar action in the name of the Trustee for the benefit of the Debtor's estate, which would be
18 a waste of estate resources.

19 **NOW AND THEREFORE, IT IS HEREBY STIPULATED AND AGREED:**

20 1. Upon entry of an order approving this Stipulation, the Vagos shall record withdrawals
21 of the Abstract of Judgments in the applicable counties in which such Abstract of Judgments were
22 originally filed. The Vagos shall complete the recordation of the withdrawals of Abstract of
23 Judgments on or before fourteen (14) days after entry of an order approving this Stipulation.
24

25 2. Each person who executes this Stipulation represents that he or she is duly authorized
26 to execute this Stipulation on behalf of the respective Parties hereto and that each such party has full
27 knowledge and has consented to this Stipulation. This Stipulation may be executed in one or more
28

1 counterparts, any of which may be transmitted by facsimile or electronic transmission, and each of
2 which shall be deemed an original, but all of which together shall constitute one and the same
3 document.

4 3. The Bankruptcy Court retains exclusive jurisdiction to interpret and enforce this
5 Stipulation.
6

7
8 Dated: November 14, 2023

PROCEL LAW, PC

9 By Brian Procel
Brian Procel

10 Counsel for Joseph and Erica Vago
11

12 Dated: November 14, 2023

PACHULSKI STANG ZIEHL & JONES LLP

13
14 By John W. Lucas

15 Counsel to Bradley D. Sharp, Chapter 11 Trustee
16
17
18
19
20
21
22
23
24
25
26
27
28